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A Bit of the Romance and History of the Oldest Bank in America

Twenty-three business men gather at regular intervals about a long table in a room on the second floor of the building at No. 305 Chestnut Street, Philadelphia. The chairs they sit in have been in service 140 years and are as good today as the day they were sold by their maker. Those chairs have supported the frames of various men famous in American affairs.

The twenty-three men are the directors of The Bank of North America, the oldest bank in the Western Hemisphere and the most remarkable. On the walls of the directors' rooms are the portraits of all the former presidents of the venerable bank, and there is a painting of Robert Morris, founder of the institution, financier of the Revolution, a man to whom the American people owed much and to whom they made a poor return.

Off to one side is a table which came from the home of Morris. It has been in service perhaps 150 years, but there is not a crack or a blemish in its mahogany body or its marble top.

To the lover of things historical this bank is a treasure house. What does it matter if the great vaulted banking room is one of the most beautiful and up-to-date in the country and that 20th century contraptions in the form of wonderful adding and calculating machines and such things of these utilitarian days are employed? Not far from the mechanical computing affair you may see in the President's room a sawed off musket—a relic, perhaps, of the days when in the alley off the bank the night watch sat with the musket

over his knees to guard the bank from thief or robber.

From a vault, too, the President will draw out a book of many memories. Inscribed in it in writing that is plain as print and as distinct today as the day of the penning, are the minutes of the meetings of the directors of the bank for nearly the first century of its career. To save the precious space the minutes of the meetings of these times are not recorded there. But one entry is made each year. That contains the annual statement, and the President always arrogates to himself the right to make the entry.

To read the minutes is to turn back the pages of time. They turn on the troublous days of 1812 when the British burned the Capitol at Washington, and Philadelphia had fears of again falling into the hands of the English troops as it had in Revolutionary Days; of the bitter days when Jackson was President and he conducted his great fight against the United States Bank, of which Nicholas Biddle was the head; of the days of the Civil War, when Lincoln was calling for men and his Secretary of the Treasury was calling for money and Philadelphia responded well to each and every call.

A quaint sidelight is thrown on the world's affairs by some of these entries. There is one to show how little time has changed conditions and how the troubles of one age come to plague another. Read for example the resolution introduced on a date not given and hard to trace, for the slip on which it is entered is loose, but probably a hundred years or more ago.

Whereas, considering that all articles necessary for the support of families are greatly advanced in price beyond former years, and taking into view the rate of compensation allowed the chief officers of the banking institutions in this city, together with the increased prosperous state of this institution, that its principal presiding officer in his establishment, ought in comparative respectability, to be placed in a grade more comporting with the dignity of the office as respected and remunerated by the stockholders of the other banks.

It is resolved: That the salary of the next President of The Bank of North America, shall be increased from the sum of \$2,000 to the sum of \$2,500 per annum.

The high cost of living, it would seem from that resolution, is no new thing.

And as proof of another condition being as acute long ago as today and of the arguments of that day being applicable to these, read the memorandum which one of the directors had made of a speech made in the United States Senate by Daniel Webster in 1838. Here is the extract:

There are persons who constantly clamor. They complain of opposition, speculation and the pernicious influence of accumulated wealth. They cry out loudly against all banks and corporations, and all means by which small capitals become united in order to produce important and beneficial results. They carry on mad hostility against all established institutions. They would choke the fountain of industry and dry all the streams. In a country of unbounded liberty, they clamor against oppression. In a country of perfect equality, they would move Heaven and earth against privilege and monopoly. In a country where property is more evenly divided than anywhere else, they rend the air shouting agrarian doctrines. In a country where the wages of labor are high beyond parallel, they would teach the laborer that he is but an oppressed slave.

Treasured as is that minute book there are some things that are more revered in that fine old bank. Think, for instance, of the record of the account of Mordecai Lewis. It was opened on January 16, 1782, and has been carried on continuously through all the 139 years since then.

Today it stands in the name of John T. Lewis & Bros. Co. just as does the lead business that was established by Mordecai Lewis. A few years ago the bank officials had a wrench when the account of Wetherell & Co., that had been on their books for an even 100 years, was closed.

The first day the Philadelphia Clearing House was in operation John H. Watt, as a clerk, signed for the credit of The Bank of North America. That was on March 22, 1858. Exactly 50 years later, on March 22, 1908, the same John H. Watt, as cashier, signed for the credit of The Bank of North America. In these 50 years the old bank had grown so much older and stronger, but the half century had transformed the man from strength and vigor to physical weakness and infirmity.

Everyone about the oldest of American banks glories in its history. S. D. Jordan, who at the time of his retirement on March 1, 1920, was vice-president, loves to tell how, when he entered the bank in 1862 one of his duties was to lock the outer door at night and carry the key to the house of the cashier. The key was big and the padlock was imposing. Bankers had more faith in padlocks then than they have now.

The bank has three charters, one from the Continental Congress, one from the State of Pennsylvania and one from the United States. It is the only national bank in America that has not "national" in its name. An exception was made in favor of The Bank of North America by the Comptroller of the Currency on account of its history and its services to the Government.

And no wonder. The Bank of North America was organized at a very critical period of the Revolution. Charleston had fallen. All the South was in the grasp of the British. Washington was making little progress in the North. The Continental Army was

half starved, ill clothed and the Treasury of the young Republic was empty. The credit of the Congress was at the lowest mark.

The formation of the bank was the result, to a large degree, of a patriotic desire to stiffen the credit of the Government. Morris, great banker that he was, saw clearly how large a part the bank could play in this way and he gave much of his time, his energy and his money to get the bank started. Within a few months the bank began to show how wise Mr. Morris had been. It not only acted as a support to the financial operations of the Continental Congress, but by its aid troops were levied, arms and ammunition obtained and the expenses of various departments of the Government defrayed.

You might suppose from all this that the bank has had a quiet, peaceful existence, fathered as it was by some of the most prominent financiers of Revolutionary time and rocked, it may be said, in the cradle of liberty. Not so. There is not a bank in the United States today and there probably never has been a bank in the country that has had a more stormy career. For the first fifty or sixty years of its career it had to fight desperately for its life.

In the fierce rivalries and passions that developed out of the Revolution one took the form of violent opposition to the banking system advocated by such men as Alexander Hamilton and Robert Morris. Many even feared the banking institutions would become all-powerful, would control commerce and industry and bring the people under a heavier yoke than they had borne in the time of British domination.

All sorts of stories were circulated by the bank's enemies. The good things it did were glossed over or forgotten and only those to its detriment accepted by many people. It became more and more unpopular the more it succeeded.

It had been necessary for the insti-

tution to get a state charter in March, 1782, as there was question whether the Continental Charter covered the bank's needs. Within three years the bank had to fight for its right to live. A petition was presented to the Pennsylvania Assembly to annul its charter. Despite everything the bank could do the Assembly, on September 13, 1785, abrogated the charter. The bank kept going, however, working under its Continental Charter. There being doubt as to the sufficiency of the Continental charter, a charter was obtained from the State of Delaware and plans were made to move the bank, if necessary, out of Philadelphia and establish it in Wilmington or some near point in Delaware. Meanwhile vigorous efforts were made to get the Assembly to repeal the annulling act. For nearly two years the Assembly was obdurate. At last, however, a new charter was granted that was much more restrictive and ungenerous than the other.

The bank through all this trouble prospered. Other banks had cropped up, too. In New York the Bank of New York, the oldest financial institution of the Metropolis, had been established through the efforts of Alexander Hamilton and his friends. Before the doors of the Bank of New York were opened a delegation of the subscribers to the shares traveled to Philadelphia to see how The Bank of North America conducted business. Out of that visit probably developed the idea that Robert Morris and Mr. Willing gave expression to later in the proposition they advanced for making the Bank of New York a branch of The Bank of North America.

It was not altogether with pleasure that The Bank of North America saw the other banks spring up. The first baby does not, as a rule, welcome the arrival of more youngsters. It means a division of favors. It did not like, either, the Bank of the United States plan of Alexander Hamilton which

that statesman-financier put into effect soon after the Constitution of the United States went into effect in 1789. But the Bank of the United States did not bother it. The Bank of North America continued doing a quiet, prosperous business under its state charter and found it preferable to the anxieties and hazards it feared attended the plan of Hamilton.

When the term "quiet, prosperous business" is used it is in the relative sense. The times were stirring ones. There was the Whiskey Rebellion for one thing. On top of that Philadelphia was swept by a yellow fever epidemic. So terrible was this visitation that thousands of persons had to leave the city. To continue business the bank was forced to move temporarily to Germantown.

After the yellow fever trouble the bank had some years of ease and then came the War of 1812. With the declaration of hostilities the Government had recourse at once to loans to support the army and navy. The Bank of North America was prompt to give assistance. It advanced the Government about \$650,000, greatly aided the circulation of Government notes and did perhaps more than any one other institution to float the United States loan of 1813.

After the war there was the panic of 1817. Twenty years later was the panic of 1837—the one that racked the country politically and financially and about which there is controversy even today. It was out of the strife that brought on that panic that the Bank of the United States, of which Nicholas Biddle of Philadelphia was the head, failed a few years later. Perhaps the year that followed the closing of the doors of the Bank of the United States was the darkest in all the history of The Bank of North America. The country was swept by a general business depression—all the banks and particularly the banks of Philadelphia had been hard hit. The Bank of

North America had been conducted most carefully and conservatively, yet in 1842, its condition was such that the directors, as a matter of safety, determined on a reduction of capital. This took effect in 1843 and for two years the bank limited its business. By 1845 the skies had cleared and the country was throbbing once more with life and energy. Then the bank went back to its former capitalization and took on new vigor.

From the days of the Revolution up to 1847—a mere matter of 67 years—the bank had occupied the same building. It was not imposing and none too safe if the story handed down to the officials of the present day is correct. This story is to the effect that the president was toasting his shins in front of the grate fire in the main room one cold day when two bricks came clattering down from above his head. An examination showed they came from the wall alongside the flue and that the wall had only the thickness of one brick and the mortar that held the bricks was of little account. This discovery that the bank building was so flimsy that it might tumble down any day or that a robber could get in as easily as he could gain access to a hen house made the directors hustle. They got out of the old building at once, tore it down and put a handsome two-story structure in its place that was a credit to them, and in that new building the bank was housed for more than thirty years.

Now it has another—not imposing from the street view—but a delight in its interior arrangement. There are few banks in the world with higher ceilings or better interior arrangements. But, best of all, it has the atmosphere that fits exactly with its fine history.

The present bank building stands where the first and second bank buildings did. A few hundred feet away is Carpenter's Hall, where the members of the Continental Congress met

so often and held their fierce debates. A little farther along on Chestnut Street is Independence Hall, the shrine of the lover of liberty, of this and every other land.

In all the bank's 140 years, there has never been a year in which it did not pay a dividend. It has had some narrow escapes, notably in the trying period of 1842. Then its dividend was

one cent per share. The present rate is 16 per cent.

Today the capital of The Bank of North America is \$1,000,000, the same as it has been since 1845. Its surplus is \$2,000,000 and its undivided profits \$304,501.

All of which goes to indicate that with a bank, as it is not with man, the older it grows, the stronger it becomes.

HOW NOT TO CONDUCT THE AUDIT OF A NATIONAL BANK

Some extracts from a paper read at the last stated meeting of the Ancient Order of Misguided Bank Clerks, Sing Sing Lodge Number Thirteen. Prepared by Brother M. Bezzle.

1. All officers and employees of the bank should be advised as to date of audit; thus obviating the necessity of explaining discrepancies.

2. Cash should not necessarily be counted, although a few packages of the lower denominations might be proven, as these are most likely to be intact. Gold certificates should not be counted by the auditor—let the bank's employees do this.

3. Treat the tellers with courtesy, and, to avoid any unpleasantness, it is suggested that their settlements be accepted as correct.

4. Permit teller to pass money out of the cage and to receive money from outside, otherwise you may find his cash out of balance.

5. Do not count cash in bags or packages, but accept the figures submitted. If it should subsequently be found that lead wrappings were contained therein, it will be a good joke on the client.

6. The formality of proving aggregate of cash and cash items with the general ledger should not necessarily be observed since the figures are presumably correct and the examiners are not desirous of spending time hunting differences.

7. An attempt should be made to separate notes as to demand loans

with collateral, time loans with collateral, bills discounted, overdue paper, etc., although no effort should be made to reconcile the total with the general ledger, the object being to simply get up some sort of a schedule for appearance's sake.

8. Verify loans by sending out confirmations and arrange that they should reach the employees of the bank first, in order that you will have a minimum of trouble locating differences. It would be embarrassing to the note clerk, for example, if you found out that he had misappropriated a partial payment.

9. Bonds on deposit with the United States Government, securing circulation issued, could be verified by correspondence, although the cashier will cheerfully furnish you with any figures which you lack; indeed, if necessary, he will furnish you with a beautiful balance sheet with an equally beautiful surplus shown thereon.

10. The record of stocks and bonds owned by the bank could be verified by examination, but it is a question whether much time should be given to this part of the examination when the examiner could be kept busy proving up bags of pennies and nickels.

N. B. BERGMAN
(New York Office)

An Accountant at Sea and Other Places

(Second Instalment)

By Lt.-Col. ROBERT H. MONTGOMERY

I was busy writing a snappy story, in words that any school boy would understand, about the cunning little inadmissible asset and when an inadmissible asset is deemed not to be inadmissible (this is very different from saying that an inadmissible may be deemed to be admissible because there isn't any such thing as the latter) when the hard-boiled editor of this JOURNAL says to me—says he—“Where the — is that second instalment you promised?” Now the editor is Mr. Walter Staub and as a rule he does not swear* the way his brother does, so I says—says I—“Coming” and it has come, and if it isn't as good as the first instalment it's because I have been so serious lately.

This is to be all about Paris and all that is therein and it isn't fair to Paris to write about her when one is in a serious mood. I may say, however, that there was an American standing on every corner in Paris and those who did not know me looked as if they did and I behaved pretty well. The principal product of Paris (I may as well get it off my chest) is or I should say are—(because I always looked long enough to see two)—gray stockings. What they have done with the black ones I don't know, probably they couldn't wear them any longer. The gray ones reach up to the neck.

I went from Cherbourg to Paris by train. When I left Paris I went by air. The latter is quicker, but the French railways are not as bad as I was led to believe. The seats are quite as comfortable as in our parlor cars, and can be arranged to lie down on

which is not possible in ours. The dining cars are better run than on any of our trains except the Congressional Limited. It is quite possible that some of the local trains are not as comfortable, but I have traveled very uncomfortably in the United States. It would be quite unfair to compare our best service with their poorest, otherwise the comparison does not reveal the differential in our favor which I expected to find.

We left Cherbourg so late in the afternoon that darkness soon prevented sightseeing. For an hour or two I greatly enjoyed what to me were new and interesting sights. The windmills, the red tiles on most of the buildings, and the beautiful appearance of the fields, gardens, forests and houses were charming and restful. It was a good way to approach Paris because until the day I left I had a passion to see more of the gardens and forests. Incidentally, I saw more gardens than pictures and more forests than statues. I may as well confess at this point that I was not in the Louvre. I knew of its priceless contents and I know many who have spent weeks there but I felt somewhat the same as a young woman portrait painter (to whom I was introduced by her uncle—one of our best clients—if you don't believe it, ask him) who refused to go with me because she said she wanted to spend some weeks in Paris before going. I promised myself that I would go the first day it rained, but I was visiting the devastated regions the only day it rained so I left Paris without having broken my promise. However, I made another promise to myself—that I would return to Paris during some rainy season.

*The Editor “denies the allegation and defies the alligator.” He is prepared to produce character witnesses who will testify that the alleged happening could not have happened.

We found the hotels crowded and it was only through the strong-arm methods of Paul Sheldon (known in Paris as the "fighting Major") that we were comfortably fixed. It costs about the same to live in Paris as it does in New York. For exactly the same things it does not cost as much. It is merely the old question of the cost of high living as compared with the high cost of living. The visitor to New York from Padunk complains about spending \$2 for a meal as compared with the thirty-five cent table d'hôte served at the Bon Ton restaurant at home, whereas there are plenty of Bon Tons in New York where the charges are the same as in Padunk, but the visitor prefers the Ritz. Taxicabs in Paris cost only a fraction as much as in New York. I had the exclusive use of a Mercedes landaulet—limousine with a French driver, who spoke English, for 150 francs (\$9) a day. In New York similar service would cost three times as much, and in Paris gasoline costs three times as much as in New York.

English is spoken at all of the leading Paris hotels, because there are many Americans at all of them. This does not mean that more than one or two at each hotel speak English. It is helpful to one's French that most of the employees do not speak English. I tried to make them understand my English but there was something the matter with my system. When they did not understand me the first time I repeated what I had said in a louder tone and I am afraid that my third or fourth attempt was quite audible. But I soon found that I could talk quite fluently with my hands and shoulders and I did not suffer for any of the necessities or luxuries of life.

Visitors to Paris are supposed to fill out certificates of domicile and secure identity cards from the prefecture of police. No one seems to know the exact procedure but all are sure of the dire consequences of neglect. I vio-

lated all of the rules because my advisers could not agree as to what I should do, and I found that so long as one does nothing, nothing is done to one. I finally did go to the prefecture of police but my visit caused no excitement.

My chauffeur was a treasure. He knew Paris and France and as he had driven British officers during the war he spoke very good English. I conversed freely through him but I could not get him to convey some of the pleasantries which I tried to put over.

The currency system of France is annoying to both residents and visitors. Silver and gold currency are worth more as metal than as currency so that they are not used. Paper currency is issued of a denomination as low as fifty centimes (3 cents) and as the paper stock is poor it wears out very soon and the printing presses do not keep up with the demand. Some of the lower denominations are of local origin, that is Chambers of Commerce of various cities issue fractional paper currency for local use, and its circulation is confined to the locality of issue. It is quite annoying to hand in a one franc note and have it refused, but it often happens. Due to the scarcity of the low denominations of paper, money postage stamps are often used as currency, at least one receives them in change but I was told that I would not be successful if I tried to pay bills with them.

Paying bills reminds me that they have a sales tax in France. They also have one in Mexico and the proponents of a sales tax in the United States gravely refer us to these two countries as examples for us to follow. The fact is ignored that Mexico has repudiated her national debt and has no national honor, and poor France is struggling with a crushing debt and a large part of her territory is devastated beyond repair, and she is therefore forced to any desperate expedient to tide her over until the hoped-for indemnity

from Germany is fixed. The sales tax in France it not a success. The first reports were somewhat encouraging but the moment the government took steps to ascertain that the law was being enforced the merchants rose in indignation and my direct reports (early in January, 1921) are that the tax will surely be repealed.

Personally, I made some rather large purchases. I was told that if I did not want invoices I could save a substantial amount in taxes. I have never heard that failure to *receive* an invoice involved any moral turpitude so I promptly and gladly failed to receive. I was not informed if there was any penalty on those who failed to make out the invoices.

In any event a general sales tax is a product of the middle ages and will not survive in a democratic country. In the United States it is being demanded by the rich. When Congress hears from the consumer, the "general demand" for a sales tax which is now said to exist will prove to be a demand from those who expect to pass on their share of the tax burden.

I found more pleasure in visiting gardens than in visiting buildings. I mean the inside of buildings. Of course I did go inside some of the most notable churches, monuments and other buildings, but I think much of the charm of Paris is out of doors. I have not seen many European cities, but I have visited all of the large cities in the United States and none is so beautiful as Paris nor in the same class. The river, the boulevards, the gardens and parks, the monuments and cathedrals, the public squares, the age of it and the historic associations blend in an indescribable way. The word "atmosphere" is overworked but not when applied to Paris. It grew upon me as it has upon others. The so-called gaiety of Paris is not a necessary part of the picture. I did not try to see all of Paris nor have I tried to see all

of New York. To enjoy Paris I think one should merely have an open mind. In his last annual address President Butler of Columbia said: "The truly liberal man will be self-disciplined, and will aim to make knowledge the foundation of wisdom, to base conduct upon fixed character, and to maintain an even temper at difficult times."

If Paris is approached by those who have understanding hearts and minds I think its beauty and its wonders can easily surpass any other place in the world. If approached as a vehicle for license or lack of self-discipline it is hardly worth while to leave New York or Chicago or any other large city.

I did not intend to preach a sermon but I have found that to the enthusiasts about Paris there are often attributed base motives, and thus there follows the necessary implication of being lacking in some of the finer qualities which I assume are possessed to a high degree by those who compare Paris unfavorably with other large cities.

Having thus led up to the things which one does in Paris but does not do at home, I confess that I attended the races at several of the Paris tracks and bet freely on horses whose names I could not pronounce, placing the bets with commissioners whom I could not understand. The bets seemed large in francs but were small in dollars. I won about as much as I lost (due entirely to "self-discipline"). I think I secured a better insight into French characteristics than in the hotels and other places where things are window-dressed for Americans. The French do not run their races for Americans but for themselves.

I shall never forget one afternoon when probably 50,000 people were leaving the tracks and the drivers of thousands of motor cars and taxicabs were trying to identify their passengers. A lot of boys and men were trying to bring together the proper

cars and people, but they were forbidden to pass a line of policemen around the gates. Frequently one intrepid and active messenger would dash past the line and signal someone inside. He was punished or disciplined as follows: A policeman would detach his cape (which they all wear) and wave it violently at the culprit, sometimes hitting him smartly (about as smartly as hitting someone with your handkerchief) and thus the incident would close. I intended to describe the various disciplinary forces, commencing with the gendarmes, but I have forgotten most of it and it is of little interest anyhow. If anyone wants to know anything more about Paris than I am describing I will secure him or her a pass to the public library.

I was, however, particularly impressed with the traffic cops who ride bicycles. Most of them wore luxuriant whiskers and it arouses all sorts of speculation in one's mind as they ride past. They must be of incredible skill or they would constantly be getting their whiskers mixed up in the wheels. When I was young and rode a bicycle I once mixed up with a hen and it was terrible the way the feathers were plucked. I thought of that and shuddered as I watched the whiskers sway gently in the breeze. It would seem ridiculously easy for a malefactor to grab the whiskers with one hand and strike the cop heavily on the wrist with the other. Or the cops could be placed *hors de combat* (Latin or French or both but very classy here I think) by stretching a cord in front of the bicycles and tripping them and then rapidly tying the whiskers together. Before they could untie them the malefactors would mount the wheels and escape.

I almost committed a crime in order to be arrested but I was afraid that some roughneck with a smooth face would see me first so I refrained. If it were not that I must not run the

risk of being accused of frivolity I would mention other ideas which occurred to me regarding whiskered traffic cops. If any interested reader would like a free copy of my latest book entitled "Whiskers I saw in Europe" please address me care of this JOURNAL. Be sure to mark the envelope "Audit of Whiskers."

(To be continued, we hope)

Montgomery's Tax Procedure— 1921

Colonel Robert H. Montgomery's fifth annual edition of *Income Tax Procedure* will issue from the publishers about the end of January. This year there will be three volumes, *Federal Income Tax Procedure 1921*, *Federal Excess Profits Tax Procedure 1921* and *New York State Income Tax Procedure 1921*. As with previous editions, so much new matter has been introduced and the old matter so largely recast, that the 1921 edition is practically a new work.

To quote the Ronald Press, the publishers of this and the previous editions,

"The volumes bring together for instant reference, the law, Treasury Department rulings and interpretations, court decisions, accounting procedure, and the author's invaluable personal counsel on hundreds of doubtful points. The whole problem of preparing tax returns is covered in full detail from both legal and accounting viewpoints; Colonel Montgomery's work is the pre-eminent authority and has been quoted in the Appellate Division of the Supreme Court. His opinions on contested points have anticipated actual court rulings. His manuals are the product of unremitting study of the tax laws and the effect of them on the stream of new rulings and interpretation, and wide experience with all kinds of returns."

All members of the Staff who wish to secure copies of the books should communicate with their respective offices. An arrangement for members of the Staff similar to that which obtained last year will be made for this year's books.

Working Papers and Staff Regulations

*Synopsis of a talk to New York office staff
by Mr. Dumbille on November 30, 1920.*

At first blush it would seem that this subject would be of interest to new members of the organization only, but many of the old timers, who were present, were surprised at the many apparently new things which were brought to their attention. The talk was in the nature of a discussion of those parts of the office routine which directly affect the staff members. Previously the regulations had been brought to the attention of new members in their reading of the office manual and to the others from time to time as they violated some of the rules, but on this occasion special emphasis was placed on the extent to which the operation of the office as a whole is hampered by such infractions.

As a result of the talk regarding the necessity of sending in the time reports promptly each night, of the sixty present only four were a day behind in sending in their time reports for the day following the talk!

It was pointed out, for the benefit of new members of the staff, that time traveling to and from an engagement on Saturday afternoons, Sundays, or after business hours, was not to be reported in any manner for the reason that it should not be charged to a client and is not to be considered as overtime. The importance was emphasized of being punctual, not only at the office of a client, but when men had not received a definite assignment and were to report to the office. Even though no definite assignment has been given, it is important to report at the office not later than the usual opening hour, as it is often necessary to send men on some assignment which has developed overnight.

It is very necessary to notify the office a day or two in advance of the

time when any of the assistants, or the accountant in charge of the work, expect to complete the engagement, in order that the necessary arrangements can be made for a new assignment.

The desirability of indexing and filing the working papers promptly, even before the report is typewritten (which work can readily be done by a Junior if the papers have been properly marked and kept filed in folders during the course of the work), in order that a partner may refer to them when reviewing the report, was also commented upon. It was pointed out that occasionally a client asks a question regarding some matter mentioned in a report and it is much more convenient for a partner to refer to working papers that have been properly indexed and handed to the file clerk, than to have to waste considerable time locating the papers in some of the safes or portfolios and then go through them, page by page, in order to find the particular data wanted.

With respect to the preparation of report manuscript, particular emphasis was placed on the importance of verifying the footings of all subsidiary schedules, including percentages, if any, and ascertaining that they are in exact agreement with the main statements. This is such an important matter and so easily overlooked, especially when a statement has perhaps been copied or condensed from some schedules in the working papers, and the differences or omissions are not discovered until the report has been typewritten and is being finally checked.

Mr. Dumbille also mentioned the benefit to be derived from a program of audit and a time schedule, not only in connection with the engagements

which these statements cover, but particularly by the accountants who take up the work of a subsequent engagement.

Some instances were mentioned in connection with criticisms to a client's staff, of the accounting records, system, etc. For the benefit of the Junior members, let it be understood that no criticism of any part of the accounts or records, or the personnel, should be made to the client or any of his staff, even though you are asked for your opinion. Such matters should always be referred to the Senior in charge of the work. The Senior, of course, should use proper discretion,

and if in doubt, consult with one of the partners before expressing his opinions. It is unwise to criticize an accounting system or records unless one is certain that he knows all the circumstances that were responsible for the adoption of given features of the system in use.

Some of the other subjects discussed were:

Conduct in clients' offices.

The attitude to clients' employees.

The care of clients' records.

Neatness in audit marks.

Careful handling of papers submitted to you and their return in the same order as received.

BOSTON STAFF DINNER

(Reported by D. P. Perry)

On the evening of December 20, 1920, the entire Boston staff was entertained at dinner at the Harvard Club.

Mr. Keller urged the necessity of showing clients, through reports and through personal contact, wherein the services of public accountants are helpful and necessary.

Mr. Sweet gave a stimulating talk on relations with clients. Some of the points which he emphasized follow:

Start the job with full understanding of the client's wishes and the requirements of the case.

Keep the client informed of the progress of the work.

Confer with the client about major policies and problems.

Make helpful constructive suggestions during the progress of the work.

Schedule work to comply with the client's meetings and special requirements.

Make the report specific, simple, and positively helpful.

Utilize the letter of transmittal to bring important points home.

Confer with the client, after the report has been delivered, to draw deductions therefrom.

Anticipate the client's needs between jobs.

The use of a *formal* letter of transmittal neglects a good opportunity of emphasizing points in the report which it is desired to bring to the client's especial attention. If there are such matters, and there generally are, it is of great advantage to mention them in the letter, specifically referring to certain pages in the report.

One of the most important means of effecting a helpful relationship with clients is to arrange for a conference after the report has been delivered to discuss questions which have been raised and the deductions which can be drawn from the contents of the report. This will show the client that our interest does not cease with the delivery of the report, but that we are anxious to be of continuing service and assistance. Anticipation of a client's needs between engagements will also demonstrate to him the accountant's continuing interest.

SEA LEVEL TO 14,000 FEET OR MOTOR CAMPING FROM MANHATTAN TO PIKE'S PEAK

By H. C. McCLUSKEY
(New York Office)

(Continued from December Number)

We left Chicago Sunday morning, June 13th, in the rain, intending to strike the Lincoln Highway at Dixon, and did so after eighty-two miles of the worst roads yet encountered. They consisted of rich, black Illinois mud that squelched and splashed, and detours with high center ruts that left the car spinning its wheels in midair. But Dixon was worth it all—a beloved cousin had a roast chicken and a warm welcome awaiting us; food mentioned first for reasons that all Arctic explorers and campers know.

Monday we crossed the Mississippi at Clinton and paid twenty cents' toll to a Salamanca, New York, man, who asked about "back east". The river was not so lovely nor so wide as at Hannibal, Missouri, but the roads were better, being at least thirty feet wide, and of hard-packed earth as smooth as cement.

We camped in a sunset lighted orchard west of Cedar Rapids, always now with the farmers' permission and in spite of their universal desire that we camp on their lawns. Tuesday was a delightful day, through Belle Plain, previously occupied by Indians, "Polinchers or Dirty Noses," but now surrounded by riots of wild roses, blooming catalpas, and snake blossoms.

The railroad stations west of the Mississippi always have the altitude printed along with the name of the station, and we knew we were steadily climbing, though it was rarely perceptible.

All we saw of our first Indian reservation was merely a winding road through unfenced woods, in great con-

trast to the highly cultivated land of Iowa generally.

At Marshalltown we had dinner at a restaurant "as was," to the horror of three primly dressed old ladies, and escaped just before they began passing the hat for us. The flat land turned to continuous long hills, hard to climb, with little start at the bottoms. We made camp that night in a gravel pit by a wide, swift-flowing river, and were swimming when someone "halloed" the camp, and evidently suspecting our whereabouts, retired to return at a less embarrassing time. Cheyenne folks they were, with three whooping-coughing children in a "cut seat" Ford.

The next day, June 16th, was one of continual rain and consequent bad roads. The unruly car had to be put in chains, and thus we clattered by our first Mormon church and cyclone cellar.

A Standard Oil man told us of hold-ups—Lincoln highwaymen, who were stopping campers to beg a tow, only to steal the car and outfit, leaving the unfortunate camper in just what he stood, with a worthless car empty of gas. We decided then and there to camp no more on a highway, and thought with confidence of a certain bulging pocket.

All around it was a sort of Jonah day; all we were able to get to eat was a raisin pie, so-called, to wit, three and a half raisins insecurely anchored in a floating mass of underdone corn starch, held together by the most determined pie crust ever made. We hung it sadly to a fence post as a warning to all jack rabbits and other citizens to have canned beans enough with which to cross Iowa.

We were now in the Missouri Valley, half way from New York City to San Francisco, and the speedometer registered 1,729 miles. There were no more roses or peonies, and but few wild flowers. The farms were immense, and, with the exception of hog pastures, every acre planted to corn; not even a garden did the widely separated houses have.

A tiny town had its confectionery store in a private house, and the sign on the door said, "Come in without knocking and go out the same way".

The roads, generally good all through wide Iowa, now became even

better, being cut at the bottom of high clay bluffs, twenty miles of them leading into Council Bluffs. We crossed the Missouri toll bridge into Omaha, where we were delayed two

and one-half days for new piston rings. On our way to Lincoln we crossed the River Platte, our first motoring acquaintance with that remarkable stream of swiftly-flowing mud. Nebraskans describe it as, "A thousand miles long, a mile wide, and a foot deep," and they proudly add, "it isn't good for anything"—just one of their little luxuries. Lincoln is lovely in Western fashion, quite a lot of its trees are NOT cottonwoods, and the agricultural part of the University of Nebraska is beautiful. We camped just outside in a cut alfalfa field, where the mosquitoes bit us unmercifully until we were safe in the tent, and then they spent the rest of the night complaining of our inaccessibility.

Hastings is a large town, and New York City is exactly two thousand miles from it. Corn and the small grains gave place to great unfenced fields of wheat, and the ever present jack rabbits were the only moving things in a yellow world.

We crossed the Platte for the third and fourth times, and camped in a horse range a mile from the highway. A magnificent black, red and gold sunset preceded an electrical storm, and we heard the horses stampeding toward us, so we lifted our tent over the fence just in time to avoid them. They wouldn't have hurt us intention-

ally, but five hundred or more storm-crazed wild horses might not have been good for a frail tent. By morning they had moved a hundred feet away, and snorted fearfully at



NEAR TIMBERLINE, ROCKY MOUNTAIN NATIONAL PARK

our offer of apples.

We stopped at a Lexington eating-house for breakfast in a room full of cowboys and the smoke of the cooking. Without ordering, we were served fat pork chops, fat pancakes and creamless coffee in a fat cup that never had a handle. It was just as well, perhaps, that the cup had no handle, for none made could have sustained the weight of that cup, empty or full.

The Lincoln Highway had long ceased to be a road, and had become a series of ruts in bunch grass fields following the Union Pacific Railroad tracks west, so we deserted it to pick up the Omaha-Lincoln-Denver trail as best we might. We were now passing enormous sugar beet plantations,

worked by Mexican men, women and children, who lived crowded together in small sod shacks by the road. The very few trees we saw now were always cottonwoods, and grew only by the dry creek beds and irrigation ditches.

We made camp in a cattle ranch coulee, and visited the ranch's pet coyote. Having no wood to build him a house, the cowboys had put the frightened little fellow in the winter cook-stove, which, as at all ranch houses, spent the summer on the front porch. So his coyoteship lived in the oven, and had air and light from the kettle holes. Being only a puppy, he had been easily run down by the cow ponies.

It rained during the night, or rather it was a sort of cloudburst, all the water coming down at once, and for a few hours the dry creeks ran full. Our washing, hung to the lariat between car and tent, had gone down with the deluge, and we dug the pieces out of the gravelly mud much as a robin pulls the reluctant worm from the ground, just PULLED, and the Captain's (for-emergency-at-Omaha-etc.) silk sox were still hanging to their cactus. We left them there.

With the coming of the sun it was hard to believe it had rained at all. The water had all dried up, the cattle skulls shone a little more whitely, and the red-winged blackbirds preened themselves on the range fence posts.

We saw the last alfalfa fields being cut and stacked by the patent stackers, and were now in the Bad Lands. Not even the nesting dry farmer had invaded here. There was nothing to see but cactus and Canadian thistle; it was utterly silent but for the occasional squeak of a prairie dog, and perhaps the prairie puppies were the reason for the beautiful golden eagle which had flown so far from the mountains. Here, too, we had our first opportunity in two days to wash, which was in an irrigation ditch.

Surely the longest, straightest road in the world leads west to Crook, Nebraska; only a tiny something (that was a grain elevator) in the distance showed us an objective on the gray streak of road. We felt like ants on a brown platter, with a great blue bowl above us.

We missed the round-up at Ogalalla by a few days, but enjoyed the western



FOUR GRACES, GARDEN OF THE GODS

flavor of Chapelle. A man, who apologized for being an Easterner, told us that for forty years it had been a railroad station and tough town, "tough as North Platte easy," but during the last twelve years the place had degenerated into a thriving metropolis of four hundred people, and he for ONE would waste no more time in it, but go back to his Eastern home in north-west Missouri. It was here a garage man had a gunnysack covered barrel marked "snakes" awaiting the tender-foot's curiosity.

For the sixth and seventh times we crossed the Platte, and over a dead rattlesnake into North Platte, Buffalo Bill's home town. There were sod houses on the way to Greely, where B. B.'s grandson keeps the Cody garage. Here, eighty miles from the Rockies, we could see their snow-topped immenseness, great blue shadows against the Western sky, until a dust

sanitation are all splendidly kept up by the State of Colorado. Big Thomson is white water that roars its way from the melting snow on Ypsilon Peak to an irrigation ditch at the bottom. There are many cottages on both its banks (by State permit), all built since the canyon road was opened fifteen years ago.

We climbed Ypsilon Peak until we stuck in the snow, and turned back and south to Denver. On the outskirts we had the first puncture, and a cylinder missed, so we limped noisily into Denver's free Overland Park camp. The ten campers just preceding us were three each from Nebraska and Oklahoma, and the other four from California, Ohio, Iowa, and Louisiana. Our New York license and bedraggled appearance excited comment, and a hundred or so men deserted their camp fires to ask of the far East and to see the wonder of New Yorkers separated from New York, for they know that the real Knickerbocker has the greatest hoard of wanderlust in the world, so carefully does he keep it out of use.

A Denver eating-house has in white enameled letters on the window: "Bill keeps this place; this place keeps Bill".

On the way to Berthoud Pass we camped near Buffalo Bill's grave, on Lookout Mountain, just above Golden and the Colorado College of Mines. On the summit of Berthoud Pass is the Continental Divide, and the water from the melting snow flows partly to the east and partly to the west. The water for the Pacific side is not permitted to go far on its way, but is tunneled through to the Atlantic side for irrigation.

Some of the mountain roads were inaccessible, it still being early in the season, and the snow blasting gang being still at work, so we turned south toward Colorado Springs. There we camped in free Prospect Park, opposite Broadmoor, and in the shadow of

(Concluded on page 24)



THROUGH SNOWDRIFTS UP PIKE'S PEAK

storm hid them and choked and blinded us with alkali dust. When it was over we looked like the sod houses by the roadside; even the tightly rolled tent and bed roll contained sand. The mountains, nearer now, were not so blue, but were beginning to show the gray-green foot hills and the miles of snow fields above the timber line. Long's Peak was directly ahead of us, and we swung, tired and happy, into Big Thomson Canyon on the afternoon of June 24th. Nowhere are the Rockies finer. The forestry, roads and

The L. R. B. & M. Journal

Published by Lybrand, Ross Bros. and Montgomery, for free distribution to members and employees of the firm.

The purpose of this journal is to communicate to every member of the staff and office plans and accomplishments of the firm, to provide a medium for the exchange of suggestions and ideas for improvement; to encourage and maintain a proper spirit of co-operation and interest and to help in the solution of common problems.

PARTNERS

WILLIAM M. LYBRAND	New York
T. EDWARD ROSS	Philadelphia
ADAM A. ROSS	Philadelphia
ROBERT H. MONTGOMERY	New York
JOSEPH M. PUGH	Philadelphia
WALTER A. STAUB	New York
H. H. DUMBRILLE	New York
JOHN HOOD, JR.	Philadelphia
WALTER S. GEE	New York
T. B. G. HENDERSON	Chicago
HOMER N. SWEET	Boston

OFFICES

NEW YORK	55 Liberty Street
PHILADELPHIA	Morris Building
CHICAGO	Harris Trust Bldg.
BOSTON	50 Congress Street
PITTSBURGH	Union Bank Bldg.
DETROIT	Book Building
WASHINGTON	Union Trust Bldg.
SEATTLE	L. C. Smith Bldg.

1920 - 1921

The transition from the old to the new year naturally invites both a backward and a forward look—backward to view the progress of the year that is past, and forward to plan for the work of the year ahead.

RETROSPECT

The past year marked a number of events to be recorded in the firm history. Among them may be noted the following:

Inception of the L. R. B. & M. Journal: This was an effort to meet a long felt need for an organ to bind our various offices together into a more homogeneous organization and to

bring to us all more keenly the realization that, even though we may geographically be far apart, we have common interests and the same aims.

The First Annual Dinner: While there had been dinners and other jollifications held at various times by the individual offices, 1920 was the first year in which we had on the same evening a dinner in each of the four largest cities of the country in which we have offices—New York, Philadelphia, Chicago and Boston. The notable success of this series of simultaneous dinners insures a repetition of the affair during 1921.

The Opening of Two New Offices: Geographically we expanded by the opening of the Detroit and Seattle offices. Both offices—in charge of men who went out from our older offices—make encouraging reports and will doubtless prove valuable extensions of our organization.

A Strengthening of Our Organization: We feel that the staffs at our various offices are of a better calibre than ever before, that the spirit of co-operation has increased during the year, and that the efforts to develop the effectiveness of the members of the organization are producing results.

PROSPECT

The new year will doubtless bring with it problems to be dealt with and solved. The country is now passing through trying business times. The question of inventory valuations offers more difficulties at the present moment than it has at any time in the last six or seven years. This is but an example of the problems that the changing times will doubtless bring to us during the year. Others of a different kind may likewise be expected.

Whatever the conditions of the moment, however, our aims and ideals should be the same—only more clearly in view—in 1921 as in the twenty-three years of firm history which have preceded it. A few words summarize

them in a broad way. First of all should be the ideal of *Service* to our clients. Only as we live up to this ideal are we entitled to and are we likely to realize success. Then there is the ideal of fullest *Co-operation* among all the members of our organization. An orchestra with only one instrument out of tune still produces discords. A third aim should be *Development*. This should be the aim not only of the younger members of the staff but of the older ones as well. The tree which ceases to grow soon begins to decay.

We look forward into the twelve-month vista of 1921 with confidence and anticipation. As the year brings its tests may it find us equal to them and may we become the stronger through them.

Clients Century Club

The article presented in this month's number of the JOURNAL, giving a brief history of The Bank of North America, located in Philadelphia, Pa., is of most unusual interest. This is so, not only because the article is exceptionally well written (it was prepared for the Bank by Mr. Richard Spillane several years ago and has now been brought up to date), but because it deals with the oldest bank in the Western Hemisphere and carries us back to the days of the Revolution when Robert Morris, who was largely responsible for the founding of the Bank, played such an important part in the struggle for independence.

We esteem it an unusual honor to be the auditors of a bank with such a history as that of The Bank of North America. The Bank, however, not only has a notable history, but also a promising future under the guidance of its present President, Mr. E. Pusey Passmore, whom we have numbered among the friends of our firm for many years past.

A Compliment to Col. Montgomery

A short time ago the Boston Office added to its library two books entitled "Language for Men of Affairs," edited by James Melvin Lee. Mr. Sweet's secretary, in reading the second volume on "Business writing," discovered a quotation from Colonel Montgomery's *Auditing Theory and Practice* and the following interesting comment thereon:

"Compare the following passage, strong but not heavy, by a man of practical efficiency who knows how to write:

'The prospective purchaser of a business wants to know as much of its past history as a man does of his prospective bride. He usually contemplates joining fortunes for an indefinite period, and his associations must represent more than mere financial gain. Who is better equipped to pass on the enterprise from almost every point of view than an experienced auditor? . . .

'What does a prospective purchaser want? It is not enough that the report of the auditor, the appraiser, or the engineer show that the assets, as represented, are in existence or that the earnings equal the guaranteed estimates. It is of quite as much importance to be assured that the management as it existed at the time of the examination was all that could be desired. Assets are sometimes accumulated and earnings realized through cumulative circumstances which are no longer a factor, or under the administration of men no longer connected with the enterprise.*

"The preceding example illustrates the third requirement of the vocabulary of writing, which is no less important than the others—simplicity, naturalness, idiomatic quality."

The editor commends the foregoing to the consideration of the members of our staff. No accomplishment is more valuable to an accountant than the ability to express himself in a clear, forceful, concise manner. Like other accomplishments, however, it must be striven for.

**Auditing Theory and Practice*, pp. 443 and 444.

OFFICE NEWS

Boston Breezes

Recent additions to the staff are: C. E. Christopher, C. T. Collingham, J. N. Harris, H. T. Whitmore.

Mr. John P. Knoblock, a former member of the staff, is expected to join us about the middle of January. Mr. Knoblock was for several months in the employ of one of our clients.

G. W. Elwell attended the ninth conference of the New England State Tax Officials' Association in Burlington, Vt., on December 16th and 17th, 1920.

"No news is good news." The Boston office apologizes for the paucity of news reports, with the explanation that "we are all so engrossed in the rush of audit work, due to December closings, that matters of personal gossip have not been brought to attention."

Editor's Verdict: Forgiven this time, provided it doesn't happen again!

Chicago Cables

Miller has returned from Boston with a broadened accent and a fund of good stories which he evidently picked up from members of the Boston staff.

Charles H. Weiss has left the Chicago staff and gone west. He expects to locate permanently on the Pacific coast.

Another member of the Chicago staff left on December 31st in the person of James I. Whalen.

George E. Long is a new member of the staff. H. B. Clyde has returned to our midst after a long rest rendered necessary by a severe attack of pneumonia last spring.

Larson has certainly been faithful in the maintenance and upkeep of his new military mustache. It is nice and shiny, matching his hair perfectly, and excites much admiration.

However, it will never do to drop the subject entirely without at least mentioning its only competitor, that gracing the lip of the manager, Mr. Macdonald.

To make out a tax
Return which racks
Our brains which are not in a class
with Mac's,
Is an awful tax
On a brain that lacks
Perspective in viewing essential facts.

Detroit Dynamics

We are now established in our spacious and well-equipped offices on the 9th floor of the Book Building, having vacated our former temporary abode on the 5th floor.

Simultaneously with our rise in the wonder city, our staff has been augmented by the addition of Mr. H. J. Aughe, formerly Treasurer of the Chalmers Motor Car Company of this city, who is well known to many members of our New York and Chicago offices.

Following is a Detroit newspaper account of the meeting held on December 14th for the purpose of organizing a Detroit chapter of the National Association of Cost Accountants:

Preliminary steps toward organization of a Detroit chapter of the National Association of Cost Accountants were taken Tuesday evening by a meeting of 80 cost accountants in the Board of Commerce Building.

Richard Fitz-Gerald and Conrad B. Taylor, managers for Lybrand, Ross Bros. & Montgomery, were elected temporary chairman and temporary secretary, respectively. The chairman was empowered to appoint

five committeemen to act with himself and Mr. Taylor in formulating plans for the establishment of a permanent organization. He named E. E. Staub, C.P.A., of the Hudson Motor Car Company, Major William Butler, C.P.A., of the Fisher Body Corporation, and A. C. Brown, of the General Motors Corporation, postponing appointment of the other two.

Addresses on the social and professional benefits derivable from an association of cost accountants were given by Messrs. Staub, Butler and Brown, the latter a director of the national body.

It is planned to make all cost accountants or persons engaged in closely kindred work, residing in Detroit or within a radius of about 50 miles, eligible for membership in the Detroit chapter. Another meeting will be held some time in January.

It is of interest to note that two of the gentlemen named in the foregoing account, Mr. E. Elmer Staub and Major William Butler, are ex-L. R. B. & M. men.

We understand that Mr. Aughe is as ardent a sportsman as ever—though those of us who were in Detroit last summer will remember that the fish were conspicuous by their absence, and we had to accept “without confirmation” Mr. Aughe’s word as a fisherman about the wonderful catches he had made.

We learn that whilst on a recent hunting expedition in the wilds of northern Michigan, he and his fellow-hunter spent one whole day, to say nothing of tiring themselves and two dogs, with a net result of one rabbit for their day’s bag. Two men weighing two hundred pounds apiece, plus two guns, plus two dogs, at one day’s hard work = one rabbit weighing less than one pound. Some equation!

H. R. K. Taylor (known among his intimates as “Alphabetical Taylor”), formerly of the New York staff, is now a member of the Detroit office staff. Inasmuch as Taylor left the New York staff on December 31, 1920, and joined the Detroit staff on the morning of January 3, 1921, he was—speaking from an accounting stand-

point—an “in transit item” over the close of the year.

Miss Sorg took a December vacation by unexpectedly falling ill shortly before Christmas and adjourning to the hospital. We are glad to report that she has recovered and is at her post as usual.

With two sartorial members (Taylors) in one office Detroit hopes to “suit”-ably ad-“dress” some prosperous looking reports to New York office before many more journals go to “press”.

Our staff is quite a cosmopolitan one, our forces having been recruited from all quarters of the globe. In fact, our telephone operator and stenographer, Miss Winnifred Boylan, comes over from Canada daily to perform her duties at the office.

New York Nuggets

The series of talks by partners to the New York staff, to which reference has been made in preceding numbers of the JOURNAL, has been continued during the past month.

On December 14th, Mr. Lybrand spoke on “The Opportunities in Public Accounting and the Accountant’s Attitude Toward Clients and Employees”. A synopsis of his remarks, which were most helpful and instructive, is to appear in the JOURNAL, as it is believed that they will also be helpful to the staff members at other offices.

On December 21st, Mr. Staub spoke on “Verifying Inventories”. A digest of his remarks is being published as L. R. B. & M. JOURNAL, Supplemental Bulletin No. 5.

It is a pleasure to report a very large number of engagements under way, with every available man on the staff at it day and night. Owing in

part to the pressure of work and in part to the absence from the city of Mr. Heacock, the head of the tax department, the tax lecture and discussion announced for the evening of January 11 had to be indefinitely postponed.

Colonel Robert H. Montgomery has been a busy man since his return from Europe. In addition to his heavy list of daily engagements he manages to devote a great deal of time (including wee small hours of the morning) to the preparation for publication of the 1921 edition of his works on tax procedure which are expected to be out of the printers' hands this month. Messrs. Haynes, Buchanan, and a number of others are assisting the Colonel in his arduous task.

On Thursday, December 16, at a Forum Meeting of the New York Credit Men's Association in the Astor Hotel, Mr. Staub was one of the speakers. The other speakers were Mr. David E. Golieb, manager of the credit department of Einstein-Wolff Co., and Mr. Alexander Wall, secretary-treasurer of The Robert Morris Associates, Lansdowne, Pa. The subject was, "Financial Statements from the Viewpoint of the Accountant, the Merchant and the Analyst." Between six and seven hundred persons attended the meeting.

Peak Drops 12,600!

This has no relation to the high cost of living. There was no damage caused by this drop, except to our reputation for handling the truth and for careful work. Apparently there are no live westerners in our printer's establishment, for Pike's Peak, which left our office in glaring headlines on page 9 of the December issue of the JOURNAL, at its glorious altitude of 14,000 feet,

returned to us with a measly elevation of 1,400 feet.

P. S.—Printer N. B.!

P. E. Bacas, the genial head of our Personal Department, is having his troubles as a house-owner. On being asked if the house was finished, he replied "Oh, yes, there are one or two little things to be done yet, the kitchen floor has to be laid, the front bedroom ceiling plastered, veranda and front door painted, dining room walls papered, and a few little odd jobs like that still to be done, but as I told you three weeks ago, the house is practically ready for occupancy."

"New Year's", so they say, has been with us a good many years, and celebrations in connection therewith have been sundry and varied, but as usual it remains for honored representatives of the New York office to commemorate in a unique way this festive occasion, by having their teeth pulled. We admit that the idea stamps indelibly on the memory of the celebrator the year of its occurrence. For further details, refer to Messrs. Halter, Victor, Eberle, and Grover.

Which inspires the question, "Have you seen 'Huck' Finn lately?" If you don't know whom we mean, observe "Bud" Standbridge the next time he smiles.

Add to New York office's unique cases: It's a boy up at Grover's. Mother and child doing well, but father not as well as expected, as he will not be back for another week. Here's to the future Governor of Arkansas!

Miss A. M. Storey, the efficient custodian of the cash, recently gave a wonderful demonstration of her powers of prognostication, surpassing even her former record for perspicacity. In making a wager with Mr. Haynes as to the total of an expense bill, she

guessed the amount to a penny. With such ability, one trembles to think what would happen if the said efficient custodian were to become an income tax inspector. Her procedure would probably be as follows: "Good morning. I'm the income tax inspector. Your income last year was so and so, and the tax thereon is so much. Now, please let me see how much you included in your return."

Harry C. McCluskey, the author of "Motor Camping from Manhattan to Pikes Peak" (see December, 1920, and January, 1921 numbers of the JOURNAL), has been enticed from us by a client who is sending him to China for a year's engagement. By the time this number is in the hands of our readers, McCluskey will be on the Pacific bound for Shanghai. He has promised to send us some accounts of his experiences in China for publication in the JOURNAL.

Some one has suggested that if "Mac" is given to playing billiards he may come back wearing a cue (queue).

Philadelphia Paragraphs

Mr. Russell is receiving congratulations upon the birth of a son on the 14th of December.

Mr. Troyer is preparing for his regular mid-winter assignment to the Middle West, from which he usually returns so congealed that we arrange his following assignment in Florida to enable him to thaw out.

Will the New York member who advertised for the return of an umbrella in the December number kindly report developments. We are seeking the formula which brings results.

The Vicissitudes of a Cheque

In reconciling the bank accounts and accounts payable trial balance in a recent audit, we happened upon the following method of recording a

transaction covering the payment of a vendor's account. We submit this formula without recommending its adoption.

On March 10th a cheque was drawn on Bank No. 1 for \$158.60 in payment for merchandise; Bank No. 1 was credited and the vendor charged with \$156.80. Upon notice from the vendor that the cheque had not been received, a duplicate cheque was drawn for \$156.80 and the transaction recorded as a charge to Bank No. 1 and credit to Bank No. 2. Before this cheque was dispatched a telephone message was received advising that the original cheque had been found and presented for payment. The duplicate cheque was therefore endorsed and deposited by the payor in Bank No. 2 and the bank charged but credit was entered to the vendor instead of to Bank No. 1.

When this point was reached it was discovered that an error had been made and steps were immediately taken to correct it; viz., a cheque was drawn on Bank No. 2 (which was square) to the order of Bank No. 1 (which lacked credit) for \$156.80, the former being credited and the latter charged. This cheque, however, though charged to Bank No. 1 was inadvertently deposited in Bank No. 3. Correcting this error an entry was made charging Bank No. 3 and crediting Bank No. 1.

The net result of all these transactions was that the original entry charging vendor and crediting Bank No. 1 was reversed and a transfer of \$156.80 has been made from Bank No. 2 to Bank No. 3 and so recorded.

We placed the proper entries on the books to adjust the matter finally, not omitting the \$1.80 (transposition in first entry) which had remained undetected throughout.

The monthly dinner of the Pennsylvania Institute of Certified Public Accountants was held at the Manufacturers Club on Monday, 20th Decem-

ber, the speaker for the occasion being the Hon. J. Lord Rigby, Deputy Auditor General of Pennsylvania.

Messrs. Pugh and Hood and six members of the Philadelphia staff and Mr. Heacock of the New York office attended.

Mr. Rigby who is thoroughly informed upon taxation within the State of Pennsylvania spoke especially upon the Capital Stock and Loan Taxes imposed by the state. A rare opportunity was accorded those present to acquire much valuable information concerning the methods of taxation and the administration of the tax.

After the talk Mr. Rigby cheerfully answered many questions as to the procedure of the Department in arriving at the assessments levied.

A Living Wage for Equipment

During the course of a recent audit an item was disclosed in Factory Wages Account, which represented the cost of an automatic conveyor for unloading coal that had been purchased because labor to handle the coal could not be obtained. Since this equipment did the same work which had formerly been performed by manual labor the proprietor took the position that its cost should be charged to "Wages" and we had some difficulty in convincing him that it should be capitalized.

Pittsburgh Personals

At the December meeting of the Pittsburgh Chapter of the National Association of Cost Accountants, Mr. Frank Wilbur Main, C. P. A., presented a paper on "Foundry Costs". The reading of the paper was followed by a general discussion. The Pittsburgh Chapter is progressing rapidly, about forty-five members having attended the December meeting. L. R. B. & M. were represented by Messrs. Keast and Marsh.

For the past month Mr. Mohler has

been preparing Form E for a large coal company having several subsidiaries. He stopped long enough to enjoy Christmas in Pittsburgh, and we have learned from Mrs. Mohler that she was awakened in the wee small hours by her husband pawing the air and muttering over and over: "I can't find those coal claims". Latest reports indicate that he has recovered.

Mr. W. F. Marsh has received the C. P. A. degree from the State of Pennsylvania.

We wish to correct the report in the November issue of the JOURNAL that Mr. Mohler sat for the Pennsylvania C. P. A. examination held in November. Mr. Mohler was late in filing his application, and it was accordingly returned.

COMMENDATION

"Accept my thanks and appreciation for your report. . . . It is exactly what I want, and I feel that it will be a valuable thing for the company to have in case of any dispute with the Government, or for reference in its own affairs. The report has been favorably commented upon by Mr. ——— and all those who examined it".

This system was not installed by the Pittsburgh Office:

Willis—Bump has a very up-to-date office.

Gillis—Yes. He has one of these office-systems where you can find just what you want when you don't want it by looking where it wouldn't be if you did want it.—*Life*.

Seattle Symphonies

The editor's demand for news from the Far West was met with the following reply:

"I have your letter relating to material for the January number

of the JOURNAL. While I may be creating history, I have been too busy doing the ordinary things, that have to be done, to do anything sufficiently startling to be particularly worthy of mention in the JOURNAL. I don't like to make you people of the East and Middle West feel bad; so I won't enlarge upon the wonderful weather we are having out here—snappy and invigorating, yet moderate."

The editor's rejoinder was as follows:

"I am glad to note that you are busy 'doing . . . things,' but I hope that sometime between 12 and 1 A.M. of one evening a month you will be able to seize enough time to send us notes for the JOURNAL. Seattle should not be conspicuous for its absence in the office news department of the JOURNAL."

Washington Wires

THE PRESIDENT'S BIRTHDAY

President Wilson was sixty-four years old on December 28th last, and the following telegrams passed between the President and Mr. Hayes, who is an ardent admirer of the President:

"December 28, 1920.

*"Honorable Woodrow Wilson,
White House,
Washington, D. C.*

"Trust you will be spared many years to see fruition of your great work on behalf of democracy.

"K. SHERIDAN HAYES".

"The White House,
Washington, D. C.
December 29, 1920.

*"K. Sheridan Hayes,
Shoreham Hotel,
Washington, D. C.*

"Your message has given me the greatest pleasure, and I thank you for it warmly.

"WOODROW WILSON".

A complaint has been made to the Manager of our Washington Office, that the "Wires" are not of so personal a nature as the items from the other offices. This may be referred to as an "internal complaint," for its author was Miss Kissinger, who desires it stated that no satisfactory answer was given thereto. She admits that Mr. Hayes told her that, as no member of the office played golf, fished, shot game, drove automobiles or Fords, had visited Pike's Peak or Paris, or had had the distinction of an addition to the family, no special sport or travel notes could well be expected from us. Nothing hereinbefore stated, however, must be interpreted to mean that the "mens sana" of each and every member of the staff is not maintained "in corpore sano."

The Washington Office staff was greatly embarrassed by the discovery in the report of the Commissioner of Internal Revenue that, notwithstanding its efforts and those of the tax army of Lybrand, Ross Bros. & Montgomery led by Colonel Montgomery, the Income Tax Unit was nevertheless able to assess \$376,977,667.49 in additional taxes for the past fiscal year. Mr. Hamilton is convinced there has been a mistake in addition or a transposition of figures involving at least fifty-eight million dollars, but no attempt has been made to verify this.

Justice Oliver Wendell Holmes of the United States Supreme Court, has autographed a copy of his new book "Collected Legal Papers," for Mr. Hayes and has added the caution "caveat emptor." The Justice is one of the really outstanding illuminators of the theory that the spirit of the law can be nothing but the passionate striving of free men for justice for all and the letter its attempted expression, and the views of law and life in these papers, which Mr. Holmes refers to as "little fragments of my fleece

that I have left upon the hedges of life," should, therefore, be read with the greatest interest both by lawyers and laymen.

We understand that the Senate Committee on Cuban Relations is considering the sending of a sub-committee to the Island to obtain firsthand information. This, no doubt, is eminently proper, for how otherwise can the members expect to get the right kind of spirit—we mean, viewpoint? No agreement has yet been reached as to who shall go and none is expected, but that some senators should go, all are agreed. Truly may we note that, just as a touch of nature makes the whole world kin, so apparently, does a thirst make Republicans and Democrats agree.

Mr. F. Mandlebaum, representing our good friends, Klink, Bean & Company of San Francisco, paid another visit to Washington in the interest of a number of taxpayers, on December 13th last. We enjoyed the pleasure of his company until the end of December and we are looking forward to his next visit in March. Mr. Mandlebaum was successful in favorably disposing of numerous cases and was good enough to give the Washington Office credit for material assistance in so doing.

Manhattan to Pike's Peak

(Continued from page 15)

the Cheyenne Mountains, where a large part of Hay's "Lincoln" and all of Jackson's "Ramona" were written.

Of course we drove to Cripple Creek, by way of Goldfield, every rod of the way so punctured with prospect holes that we felt a kinship to the prairie dogs and gophers.

The next day we climbed Pike's Peak, over the splendid highway (a toll road), everywhere two cars wide, and at the turns much wider. There

are eighteen miles of endless hairpin turning to climb up the Peak's three miles of altitude. We made it on low, and the only cars we saw having trouble were Packards and the steamers. In all of our four ascents of Pike's Peak—hike, burro (which was also mostly hike), cog road and motor—we did not see a Ford attempt it.

We coasted down, and reluctantly turned the car's snow-covered nose toward home, an uneventful trip, with better roads. The return route was over the River to River road across Iowa, Blackhawk Trail in Illinois, through southern Michigan, rather than the terrible Indiana road, through Detroit, Toledo, Cleveland, Erie and Buffalo, and via the Mohawk Trail to New York City. In all, the tour occupied forty-four running days, required four hundred and fifty-six gallons of gas, and covered six thousand and three miles, and was altogether a perfect trip, heartily recommended by the authors. We are happier now for having been

"Out where the handclasp is a little stronger,

Out where the smile dwells a little longer,

That's where the WEST begins".

Question Box

Such a wealth of material has been available for use in this number of the JOURNAL that the Question Box has been crowded out. We hope to make amends in another issue of the JOURNAL in the near future. In the meantime, some of the members of the staff who have, because of the winter rush, been too busy up to this time to do so, may have an opportunity to answer one or more of the questions which appeared in the December issue of the JOURNAL. We have heard some gratifying comments on the quality of the December questions. Please send answers to New York Office, marking envelope "JOURNAL."

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